

EXHIBIT 1

September 7, 2017 Thursday 16 Elul 5777
13:15 IST



Select Language ▼

THE JERUSALEM POST



Beny Steinmetz. (Photo by: REUTERS)

Israeli billionaire arrested in int'l money laundering probe

By DANIEL K.
EISENBUD, UDI
SHAHAM
08/14/2017

Beny Steinmetz, also a political operative, lashed out at the "authoritarian" Israeli government in court on Monday.

Israeli billionaire Beny Steinmetz and acting Bezeq CEO David Granot were among five individuals detained by police Monday morning in an international money laundering investigation centering around Steinmetz, a diamond and real estate magnate.

Tal Zilberstein, an Israeli political consultant to the Austrian government, attorney Doron Levy, and Asher Avidan, a former senior executive of Steinmetz's in Guinea and president of BSGR corporation mining division, were also detained.

The five men are being questioned by the Israel Police's Lahav 433 anti-corruption division and Swiss Police about allegations of largescale fraud, breach of trust, bribery, obstruction of justice and false registration of corporate documents.

It is suspected that the four men were working with Steinmetz in a systematic way in order to create and present false contracts and deals, mainly in the real estate sphere in foreign countries, in order to transfer money and launder money.

Police extended Steinmetz's and Zilberstein's detention to four days, but released Granot later in the day and permitted him to return to work.

Steinmetz denied every allegation in the court discussion on Monday. "I feel awful that the State of Israel is doing this to me. [These measures] are common in an authoritarian regime," he said. "I have done nothing wrong; I was politically targeted."

He also accused billionaire George Soros of targeting him over a personal vendetta involving his

business interests in Guinea.

Steinmetz has accused Soros of waging a “political war” and orchestrating false testimony against him.

Steinmetz, 60, has been under investigation for several years, in part for his involvement in potentially illegal real estate dealings conducted by his company in Guinea.

Last December, he was placed under house arrest during a probe into bribery allegations related to the activities of his mining firm BSG Resources in Africa.

Steinmetz was born in Netanya to a prominent diamond dealer with offices in Switzerland and Belgium. He moved to Belgium in 1978 to run his father’s international diamond business, the Steinmetz Diamond Group (SDG).

Following his father’s death, Steinmetz inherited the Geneva- based company, which he then chaired. In 2010, SDG was the largest buyer of rough diamonds for the international De Beers diamond group.

In 2014, Steinmetz sold his shares in SDG to his brother, Daniel, to focus solely on BSGR.

BSGR, which Steinmetz founded in 1998, is headquartered in the known tax shelter of Guernsey Island.

The company is an international resources and power conglomerate, with a heavy presence in Africa and the developing world. The bulk of BSGR’s activities currently focuses on the mining of diamonds, copper, iron ore and gold.

In 2011, Forbes listed Steinmetz as the 162nd richest man in the world, with a personal wealth of more than \$6 billion, while Bloomberg estimated his personal wealth at \$9b.

According to The New Yorker, the corporate structures of his various enterprises are so convoluted that it is difficult to assess the true extent of his holdings.

For example, on paper Steinmetz does not serve in any executive capacity at BSGR, and is described by the company solely as an “adviser and beneficiary to the incomes of the group’s companies.”

Meanwhile, he has repeatedly fallen into conflict with Israel’s Tax Authority over his status at BSGR, since he pays tax in Israel only for “advisory fees.”

Former attorney-general Meni Mazuz suspected Steinmetz of large-scale tax evasion in 2009 and ordered a probe into the tycoon’s affairs.

“The [suspected] offenses are offenses that were made deliberately and maliciously in order to evade tax and make wrongful gains,” Mazuz wrote in the probe case file.

That probe, however, never developed into a criminal investigation.

Although the Israel Police on Monday requested to extend the remand of Steinmetz for eight days, a judge at Rishon Lezion Magistrate's Court agreed to extend the arrest by only three.

During Steinmetz's arraignment, Avshalom Ahrak, the officer in charge of the case, told the judge that Steinmetz's release would hinder the investigation.

"With his capacities to interfere, [Steinmetz] has proven to us that if he were to be released, he could take actions that would interfere with the investigation," he said.

Granot only recently took over the chairmanship of Bezeq's board of directors after Shaul Elovitch was barred from the telecom giant because of the Israel Securities Authority investigation into dealings between Bezeq and other companies Elovitch controls.

Granot was released on Monday, and will be allowed to continue in his position at Bezeq, as the investigation is not related to the company.

However, Austria's Social Democratic Party terminated Zilberstein following his arrest.

"Tal Zilberstein advised the election campaign for the Social Democratic Party of Austria, and did social science research in the field of public opinion polling," the party's campaign manager Georg Niedermühlbichler told the APAOTS news agency.

"The SPÖ is ceasing cooperation with Zilberstein, effective immediately," he added.

The investigation is being conducted with the cooperation of overseas law enforcement agencies, and in concert with the Israel Money Laundering and Terror Financing Prohibition Authority, and under the direction of the Economic Department and the Department of International Affairs in the State Attorney's Office.

Gil Hoffman and Globe's contributed to this report.



Print



Print

JPost.com: [Arab-Israeli Conflict](#) | [Israel News](#) | [Diaspora](#) | [Middle East](#) | [Opinion](#) | [Premium](#) | [Blogs](#) | [Not Just News](#) | [Edition Francaise](#) | [Green Israel](#)

[About Us](#) | [Advertise with Us](#) | [Subscribe](#) | [RSS](#)

Copyright © 2014 Jpost Inc. All rights reserved •
[Terms of Use](#) • [Privacy Policy](#)